

Concerning Pac-West's request for non-discriminatory interconnection of packet networks, we note that Verizon does not dispute that its ILEC must provide non-discriminatory interconnection of packet networks. We see no reason, however, to extend this condition to other subsidiaries of the merged entity.

Qwest's argument that we have ignored substantial evidence in this record is wrong. We have revised this draft to make clear that we have considered the evidence that Qwest has offered, but found it unpersuasive, particularly when compared to the analysis provided in the AG's Opinion and to the evidence provided by the Applicants.

Concerning CALTEL's request that the Commission open a rulemaking proceeding to establish price caps for wholesale services, we do not see any adverse consequences from this merger that would necessitate such a set and we decline to do so at this time.

Concerning Cox's argument that the draft decision failed to consider its proposals, we have expanded our discussion to make clear that we have rejected its conditions as unmerited and unjustified by any plausible adverse consequences from the merger.

Concerning Earthlink, we grant its motion to intervene in order to ensure a full record. However, we decline to adopt the conditions proposed by Earthlink and CISPA to regulate DSL for we see no specific adverse consequence that would warrant such an expansion of regulation.

The arguments of DRA and ORA add nothing that was not already covered in their briefs, and we do not address their points in detail. TURN also follows the arguments of its briefs in the main part, but raises a new issue, that § 853(b) requires exactly the same analysis of merger benefit

4. The proposed transaction is subject to scrutiny under Pub. Util Code § 854(a).

5. Pursuant to § 854(a), Applicants must demonstrate, by a preponderance of the evidence, that the proposed transaction is, on balance, in the public interest.

6.

7. Section 853(b) grants the Commission the authority to determine that §§ 854(b) and (c) do not apply to a transaction if application of the subsections is not necessary in the public interest.

8. In order to determine whether the transaction is in the public interest pursuant to § 854(a), it is reasonable for the Commission to assess the public interest factors enumerated in § 854(c) and undertake an analysis of antitrust and environmental considerations.

9. Applicants have demonstrated that all of the criteria enumerated in § 854(c) are satisfied by this transaction.

10. In order to determine if the transaction will have an adverse effect on competition, the sole material question is whether the elimination of MCI as an independent competitor in any properly defined markets would confer market power on Verizon or enhance any market power it currently possesses.

11. The transaction will not cause an adverse effect on competition in the mass market for local exchange telecommunication services.

12. The transaction will not cause an adverse effect on competition in the mass market for long distance telecommunication services.

13. The transaction will not cause an adverse effect on competition in the enterprise market.

14. The transaction will not cause an adverse effect on competition for the provision of special access services.